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RECORD, CASE No. 15,212.

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SUPREME COURT OF THE UNITED STATES.

OCTOBER TERM, 1892.

TERM No., 1242.

THE COLUMBUS WATCH COMPANY ET AL., APPELLANTS,

vs.

ROYAL E. ROBBINS ET AL.

ON A CERTIFICATE FROM THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE SIXTH CIRCUIT.

FILED NOVEMBER 25, 1892.

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JUDD & DETWEILER, PRINTERS, WASHINGTON, D. C., FEBRUARY 21, 1893.

1 United States Circuit Court of Appeals for the Sixth Circuit.

THE COLUMBUS WATCH COMPANY *et al.*, Appellants,
vs.
ROYAL E. ROBBINS *et al.*, Appellees. } No. 46.

This cause comes before this court by an appeal from the decree of the circuit court of the United States for the eastern division of the southern district of Ohio sustaining the letters patent of the appellees and declaring that the appellants have infringed said letters patent and directing the issue of a perpetual injunction and ordering the statement of an account of profits and damages.

The transcript presented to this court shows that the appeal was taken immediately from said decree before accounting was had. Both parties desire that this court should give a full hearing on the merits of said decree, so far as relate to the validity of the patent and infringement, and should enter a final decree in this court thereon, the parties agreeing between themselves to suspend accounting until the decision of this court can be had. This court, however, cannot find that they have, under the 7th section of the act creating U. S. circuit appellate courts, jurisdiction to grant such a hearing and enter such a final decree as is asked, because said decree of the circuit court is only an interlocutory decree and

2 presents on appeal, under section 7, only the question whether the decree for an injunction, interlocutory in fact, however final in form, was improvidently granted in the legal discretion of the court and involves only incidentally the question of the validity of the patent and the infringement complained of. The circuit court of appeals for the fifth circuit under similar circumstances, after listening to adverse argument, in Jones *vs.* Munger, &c., Co., 50 F. R., 785, held that said section 7 gave jurisdiction to the court, on agreement of parties, to render a final decree on the merits of the validity and infringement of the patent involved. As the judgment of this court differs from that of a co-ordinate court, the instruction of the Supreme Court is respectfully requested upon the question.

It is therefore ordered that a copy hereof, certified under the seal of the court, be transmitted to the clerk of the Supreme Court of the United States.

HOWELL E. JACKSON.
WM. H. TAFT.
E. S. HAMMOND.

Oct. 10, 1892.

3 *Clerk's Certificate.*

United States Circuit Court of Appeals for the Sixth Circuit.

I, Walter S. Harsha, clerk of the United States circuit court of appeals for the sixth circuit, do hereby certify that the foregoing

contains a true copy of the order made October 10th, A. D. 1892, in the case of The Columbus Watch Company *vs.* Royal E. Robbins *et al.*, No. 46, October term, 1892, as the same remains upon the files and records of said United States circuit court of appeals for the sixth circuit and of the whole thereof.

Seal United States Circuit Court of Appeals, Sixth Circuit.

In testimony whereof I hereunto subscribe my name and affix the seal of said United States circuit court of appeals, at the city of Cincinnati, this eighteenth day of November, A. D. 1892.

WALTER S. HARSHA,
Clerk of the United States Circuit Court of Appeals for the Sixth Circuit.

[Endorsed:] No. 46. U. S. circuit court of appeals. The Columbus Watch Co., appellants, *vs.* Royal E. Robbins *et al.*, appellees. Order certifying questions to Supreme Court.

Endorsed on cover: Case No. 15,212. U. S. circuit court of appeals, sixth circuit. Term No., 1242. The Columbus Watch Company *et al.*, appellants, *vs.* Royal E. Robbins *et al.* Filed November 25th, 1892.

United States Supreme Court.

The Columbus Watch Company,
Dietrich Gruen and William J. Savage,
APPELLANTS,

VS.

Royal E. Robbins and Thomas M. Avery,
APPELLEES.

~~Petition to Advance on the Docket.~~

M. D. LEGGETT, AND WATSON, BURR & LIVESAY,
Solicitors and Counsel for Appellants.

IN THE

United States Supreme Court.

The Columbus Watch Company,
Dietrich Gruen & Wm. J. Savage,
Appellants.
vs.
Royal E. Robbins & Thomas M. Avery,
Appellees.

IN EQUITY.

Petition to advance on the docket.

BRIEF.

The solicitors for both parties have joined in the petition to advance this cause in hopes of having the single question at issue determined at as early a date as possible.

The matter is certified up from the Circuit Court of Appeals for the Sixth Circuit. The facts are as set forth in the certification of the Circuit Court of Appeals, and briefly stated are as follows: The District Judge sitting in Cir-

cuit, found upon final hearing, that the patent was valid, that the defendant had infringed it, and decreed an injunction, and ordered a reference, and accounting. The defendants being dissatisfied, desired to appeal to the Circuit Court of Appeals, before being to the expense, inconvenience, and delay of accounting. In this desire both parties were agreed. As the cause was referred to a Master, to state an account, the injunction was, of course, interlocutory, and under the seventh section of the law creating the Circuit Court of Appeals, we believed we had the right of appeal then, and as the finding of the Circuit Court was after hearing upon the full record, a like hearing would be necessary before Appellate Court, to determine whether the injunction was properly allowed.

Some of the reasons why an appeal should be allowed before accounting in a patent cause, are :

1. The great expense attending the accounting, generally amounting to thousands of dollars.

2. The injury and injustice of requiring a defendant to open his books and expose his business to his competitor, if, in the end, on an appeal it should be decided that the patent is invalid, or that the defendant does not infringe.

3. The great delay. The accounting often involves years of time, effecting the utter ruin of the defendant's business.

The only question here involved is whether the Circuit Court of Appeals has such jurisdiction as will give it control of the case.

We well know that under the law the Supreme Court

only had jurisdiction in such cases after accounting, and final decree below, but in seventh section Congress seems to have considered the hardship of causing a defendant to suffer under an injunction, during what often proves to be a long and expensive accounting, before he could have his case reviewed upon its merits, by a higher court. This seventh section seems to give the Circuit Court of Appeals full jurisdiction over interlocutory decrees, where injunctions are allowed or continued.

This question was considered and decided in favor of holding jurisdiction by the Circuit Court of Appeals, in the first and fifth circuits, in RICHMOND *vs.* ATWOOD, 48 Fed., Rep. 910, and JONES CO. *vs.* MUNGER MANUFACTURING CO., 50 Fed., Rep. 785.

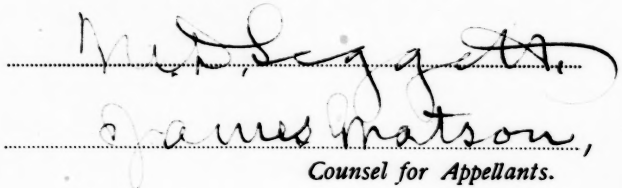
The Circuit Court of Appeals in the first, second, third and seventh circuits, have heard such appeals fully on the merits of the cases, without raising the question of jurisdiction. This was done in the seventh circuit, in a case involving the same patent as in this case, and where the complainants in the Circuit Court were the same as in this case, 52 Federal, Reporter 215.

In Richmond *vs.* Atwood, 43 Federal, Reporter 910, the Appellate Court took jurisdiction, the question not having been raised, but the court found that the complainant was not entitled to an injunction, and so reversed the decree that far, and seemingly no further. A motion for a rehearing was made, and in this motion the question of Jurisdiction was raised, and a petition for a certification to the Supreme Court was added to the motion. But the

Court being unanimous in the opinion that the case had been correctly decided on its merits, and that the Court had full jurisdiction of the case, under the seventh section of the law creating the Court, the motion and petition were denied, and the finding of the court was changed to read: "The findings of the Circuit Court are reversed, the decree for an injunction and an accounting is vacated, and it is ordered that a mandate issue accordingly, and with further direction that the bill be dismissed." 52 Federal, Reporter 10. We most respectfully refer to this case, and adopt the opinion of the Court therein as argument in this case. It is able and exactly to the point.

It is true the appeal from the Circuit Court, as the opinion of the Circuit Court of Appeals cites, was from the decree allowing the injunction, but this portion of the decree was based upon the finding that the patent is valid and infringement proven. To determine whether the Court below correctly or incorrectly granted the injunction, of necessity involves such a full and thorough hearing by the Court of Appeals on the merits, that the finding of the Appellate Court, if it should find in favor of the defendants below, might be, "the Circuit Court will dissolve the injunction, countermand the order for accounting, and dismiss the bill."

Respectfully submitted,



Counsel for Appellants.

Supreme Court of the United States.

OCTOBER TERM, 1892.

THE COLUMBUS WATCH CO., DAVID GREEN, AND WILLIAM J. SAVAGE, APPELLANTS, v. ROYAL E. ROBBINS AND THOMAS M. AVERY, APPELLEES.	*In Equity.*

On law point certified to this Court for decision, from the United States Circuit Court of Appeals for the Sixth Circuit.

Brief for Appellees.

I.

THE POINT TO BE DECIDED.

The point to be decided is as follows:

"When, on a bill praying for an injunction, and also for an accounting or other relief besides the injunction, the case

has come to issue, the proofs have been fully taken, the case heard 'on its merits,' upon the completed pleadings and proofs, the facts and law found in favor of the complaining party, and an interlocutory decree thereupon entered, granting or continuing the injunction prayed for, and ordering the accounting or other relief, and the defending party, without waiting for a final decree, has appealed, under the 7th section of the act of March 3, 1891, creating the circuit court of appeals, from the interlocutory decree or order granting or continuing the injunction as aforesaid, are the findings of the lower court, upon the matters of fact and law decided by it, conclusive upon the court of appeals for the purposes of such interlocutory appeal, so as to leave open only the question whether, assuming such findings to be correct, the injunction was properly granted or continued; or, on the other hand, on such an appeal are all questions of fact and law open for re-examination *de novo* by the court of appeals?"

Your Honors will observe that the question thus presented has nothing to do with appeals from orders or decrees granting or continuing a *preliminary* injunction upon mere affidavits or partial proofs, but relates only to appeals from interlocutory decrees or orders based upon the merits of the cause. As to orders or decrees granting or continuing a *preliminary* injunction upon mere affidavits or partial proofs, it can hardly be doubted that the court of appeals would feel itself obliged to re-examine the whole matter. Such decrees or orders adjudicate nothing, but are a mere exercise of the equitable discretion of the court upon the incomplete showing made, and for temporary purposes only. They go only to the question of injunction *pendente lite*. On the other hand, the interlocutory decree deciding the merits of the cause upon full and complete proofs is a formal adjudication of the case; and the grant of an injunction is a matter which, notwithstanding the findings in favor of the complainant, still remains entirely

in the discretion of the court, which may direct it, or for satisfactory reasons refuse it, or suspend action upon it till the final decree. The question is: "Is the appeal contemplated by the 7th section of the act from such a decree or order an appeal merely from this exercise of the lower court's discretion, or is it an appeal from the findings themselves as well as from the discretionary act which accompanied or followed the findings?"

II.

Brief Statement of the Case.

The suit is a suit in equity to restrain the infringement of a patent, and for an accounting. The bill was filed in November, 1889, by Robbins and Avery against The Columbus Watch Co., Green and Savage, in the circuit court for the southern district of Ohio, eastern division. The pleadings and proofs having been completed and closed, the case was argued before Judge Sage in December, 1891, and decided in favor of complainants May 7, 1892. (See 50 Fed. Rep. 545.) On May 21, 1892, a decree was entered in accordance with Judge Sage's opinion, ordering an account of profits and damages, and a perpetual injunction against the defendants.

June 1, 1892, without waiting for the accounting to proceed, the defendants filed their petition for appeal and assignment of errors.

On the same day Judge Sage entered an order refusing the appeal as prayed for, and allowing an appeal only in respect to the injunction.

The defendants thereupon, without excepting to this order, or including in their appeal any assignment of error based upon it, but apparently acquiescing in Judge Sage's

refusal to allow an appeal from his findings of fact or law, filed their appeal bond. The transcript was filed in the court of appeals, the record printed, the briefs printed and filed, and the case placed on the calendar. When the case was called for trial, at the beginning of the October term, 1892, of the circuit court of appeals, at Cincinnati, the court, without passing upon the effect of Judge Sage's order refusing to allow an appeal from the findings below, doubted whether the 7th section of the act of March 3, 1891, gave it jurisdiction under any circumstances to re-examine the findings of fact and law in the lower court, and certified the question here for decision.

III.

Appellees' Position.

On this question appellees' counsel desire to make no argument. They recognize the fact that litigants, in patent cases would be greatly benefited if the validity, construction, and infringement of the patent sued on could be *finally* settled without delay and before the parties were put to the expense of an accounting. They also recognize the fact that to allow the findings of the lower court to be made the subject of an interlocutory appeal, the decision of which would not be final, would undoubtedly multiply appeals, increase the work of the courts of appeals, delay the proceedings, and, "in the long run," probably increase the ultimate cost and expense of the litigation. When this case was called at Cincinnati, they stated to the court that, if consent could give jurisdiction, they wished to be considered as consenting that the court of appeals re-examine the whole case *de novo*. They still occupy the same position, and their only object in filing this brief is to contribute what little

they can to a full and clear presentation of the points to this Court. In endeavoring to do this they confine this brief to the statements above made and a short statement of the cases in which the meaning of said 7th section has been discussed by the several appellate courts, together with a brief summary of the arguments for and against the liberal construction of section 7 contended for by the appellants.

IV.

Authorities on the Subject.

Several cases under section 7 have been before the court of appeals in the 1st, 2d, 5th, and 7th circuits, in some of which the courts have considered, to greater or less extent, the question here raised. These cases are:

Richmond *v.* Atwood (1st circuit), 48 F. R. 910.

Boston, &c., Co. *v.* Pullman, &c., Co. (1st circuit), 51 F. R. 305.

Jones *v.* Munger, &c., Co. (5th circuit), 50 F. R. 735.

Am. P. P. & B. Co. *v.* Nat., &c., Co. (2d circuit), 61 Pat. Off. Gaz. 287.

Ill. Watch Co. *v.* Robbins *et al.* (7th circuit). Pat. Off. Gaz. 721.

In the two cases in the 1st circuit the court was not called upon to construe section 7, but the cases went off on other questions. In *Jones* v. *Munger, &c., Co.* the court of appeals of the 5th circuit held that it had jurisdiction to re-examine the whole case on the interlocutory appeal. This was a decision squarely in favor of the contention of the appellants here.

In *Am. P. P. & B. Co.* v. *Nat, &c., Co.*, in the 2d circuit, the appeal was from an order awarding a *preliminary* in-

junction upon affidavits, and therefore did not raise the question here presented.

In *Illinois Watch Co.* v. *Robbins et al.*, in the 7th circuit, the case (except as to the form and scope of the order alowing the appeal) was precisely the same as is here presented. There, both parties consented to a full review of the case by the court of appeals, which was done accordingly—the question of injunction receiving no attention by court or counsel. The case is hardly an authority, *pro* or *con*.

As the authorities stand, therefore, the court of appeals of the 5th circuit has decided that on such an appeal all matters are to be re-examined *de novo*, and the court of appeals of the 6th circuit has decided, in this suit, exactly the contrary, and, in view of the conflict of opinion, has certified the question here in order that the practice may be settled.

V.

The Arguments, Pro and Con.

The arguments in favor of construing section 7 as conferring upon the circuit court of appeals power to rehear the whole case will, undoubtedly, be fully presented by the able counsel for appellants. As already stated, appellees' counsel have no interest in contesting that question. How far the court of appeals may deem it proper to go into the opposing arguments, in certifying the question to the Supreme Court, is not now known. Appellees' counsel, therefore, deem it but fair to the court of appeals to present here a brief summary of the most important arguments, *pro* and *con*.

Pro.

1. In enacting this section, Congress intended to remedy some evil. What evil? Evidently, first, the

great evil of allowing a defendant to be enjoined, perhaps years before the final decree, and his business broken up by the injuction, when the final decree, or the appeal therefrom, may completely exonerate him; *secondly*, the great evil of obliging the parties to spend large sums of money on the accounting, when the final decree, or the appeal therefrom, may show that the accounting was entirely unnecessary; and, *thirdly*, the great evil of keeping the public in doubt as to the validity and scope of a patent through the long time that must elapse before the final decree is rendered and an appeal therefrom can be perfected and heard.

2. The 7th section provides that the appeal may be taken from the "interlocutory *order* or *decree* granting or continuing" the injunction. This, in terms, makes the entire order or decree appealable. To construe it as doing less than this is to limit it to less than its terms express. The statute, being remedial, is, however, not to be limited to less than its terms express, especially when such limitation would cut off all remedy for the greatest evils of the former law.

3. To restrict the power of the court of appeals to a mere review of the discretion of the lower court, without any power to review the facts and law upon which such discretion was exercised, would practically be to render the remedial provision nugatory.

4. Any multiplication of appeals and consequent addition to the labors of the court and the expense of the proceedings could easily be prevented by the courts of appeals adopting a rule to the effect that matters decided on any such appeal will not be reheard upon the same evidence in subsequent appeals in the same cause.

Con.

1. The 7th section sharply discriminates between the injunction and the other relief granted by the order or decree. It contemplates that the injunction may be superseded, but says, in express terms, that "the proceedings *in other respects* in the court below *shall not be stayed* unless otherwise ordered by that court *during the pendency of such appeal.*"

2. This language leaves "the proceedings in other respects," during the pendency of such appeal, wholly subject to the orders of the court below, and not within the jurisdiction of the courts of appeal; and this, self-evidently, means that the appeal must not carry up anything but the injunction.

3. The validity and scope of the patent, the infringement, and the accounting being thus left in the lower court, and the decree or order settling them being merely interlocutory, the lower court has power to review such matters at any time, even pending the appeal from the injunction. It would be nonsense to hold that the court of appeals could take jurisdiction of matters that are all the while pending before the lower court and fully subject to its action.

4. The findings and order for an accounting are entirely separate from the granting of an injunction. The former constitute an interlocutory adjudication; the latter is a mere exercise of judicial discretion, which may or may not accompany or follow such adjudication. It follows that an appeal from the granting of the injunction does not even *logically* involve a review of the preliminary adjudication. When, therefore, Congress authorized such an appeal, but expressly directed the control of all other proceedings to remain in the lower court pending such appeal, it is clear that it did not mean that the appeal should carry up the adjudication or any proceedings necessarily involved in it,

but only the question whether the lower court, having made such adjudication, exercised a proper discretion in following or accompanying it with an order for an injunction.

5. The fact that an order for an injunction is found in the same document which contains a decree on the validity and scope of the patent does not make the two things one. They may be made and entered separately, and the uniting of them in one paper is a mere matter of convenience. Assuming them to be made and entered separately, it is clear that the 7th section would authorize an appeal from the one, but not from the other. No other consequence could result from embodying them both in a single paper.

6. To construe the 7th section as the appellants contend would be to make it practically commensurate with the 6th section, authorizing an appeal from the final decree below. Congress cannot be presumed to have intended such a result.

7. The evil which Congress intended to remedy was the improvident granting of interlocutory injunctions. There should be an immediate and quick remedy for such an injustice when committed. Congress, therefore, not only authorized an appeal in such cases, but made it take *precedence*, in the courts of appeal, over all other business. From the fact that the appeal, provided in the 6th section, from the final decree was *not* made to take such precedence, it is clear that Congress was not intending to speed the final *adjudication*, but only the relief, *pendente lite*, from an oppressive interlocutory order.

8. It may be argued that, in patent cases, inasmuch as an injunction cannot be granted unless the patent be found valid and infringed, the order granting the injunction necessarily is based upon such findings, even if the granting of it be discretionary with the court; and that, therefore, the appeal necessarily carries up the findings upon which the injunction is based.

The answer to this argument is, that the accounting or other relief is also based upon such findings; that the 7th section clearly contemplates, and in fact directs, that such other proceedings are not to be interfered with by the court of appeals; and that the court of appeals could not review the findings, for the purposes of deciding upon the injunction, without necessarily reviewing them for the purposes of the accounting or other relief. Hence, that it was not intended that they should be reviewed at all under the 7th section, but only on final decree under the 6th section.

9. The construction contended for by appellants would delay justice and greatly increase the labors of the courts and the expenses of litigation. The defendant would take advantage of every interlocutory order or decree granting or continuing an injunction to bring up and argue the whole merits of the cause still pending below. An appeal could thus be taken from an order granting a preliminary injunction; then from an order, based upon a full hearing of the proofs, continuing the preliminary injunction to final hearing; and then, under the 6th section, from the final decree.

If Congress intended the court of appeals to hear the whole case on its merits under the appeal provided for by the 7th section, and to again rehear it under the appeal provided for by the 6th section, it would clearly be improper for the appellate courts to make any rule impairing their freedom of action under the last-mentioned appeal. They would simply be obliged to hear the whole case twice, and might, on the final appeal, reverse the opinion formed on the interlocutory appeal. This would make "confusion worse confounded," to the detriment of the parties, the courts, and the public. As the action of the court below on the interlocutory hearing is still open for review by the same court on the final hearing, so the action of the court of appeals on the interlocutory decree would still be open

for review on the appeal from the final decree, and no good, but only evil, could result from doubling the hearings.

10. The delay between the order for an accounting and the final decree, and the expense of an accounting before final adjudication of the merits, may be evils; but——

First. There is no evidence that these were the evils which Congress intended to remedy; and,

Secondly. These evils would not be remedied, but only increased, by providing an interlocutory appeal, the decision of which might be reversed on final appeal. To remedy these evils, the decision on the interlocutory appeal should be final; but if it had been intended to be final, Congress would not have provided, as it did, for a review of the whole case on the later appeal from the final decree below.

11. If Congress had intended the court of appeals to review, under the appeal provided in section 7, the findings of the court below, as well as the discretionary act of granting the injunction, it was perfectly easy to say so. But, in intending to say *that*, it could not have intelligently used the language found in the 7th section. It would never have provided that the other proceedings should, at one and the same time, be pending for action in the court below, and subject to the decision of an appeal in the court above. Its language must be construed sensibly, so as to make the entire statute consistent. It was perfectly easy for Congress to say that from any interlocutory decree deciding the merits of the cause an appeal should lie. This was the simple and obvious way to express the idea, if it was in the mind; and the fact that it was not so expressed, but that language was used which was inconsistent with such thought, and which obviously related only to the exercise of the discretionary power of the court below, is proof conclusive that the thought of providing for a review of the *adjudication* of the court below was not in the Congressional mind.

12. One very important and serious consequence of con-

struing section 7 as allowing the whole case to be re-examined on the interlocutory appeal would be to postpone all other litigation in the courts of appeal to the hearing of patent suits, because, whatever this appeal may be, it is provided that it shall "take precedence" in that court. Is it possible that Congress intended that everybody—even the Government itself—should be made to stand back and wait till the long and tedious hearings of patent cases are concluded? Is it not, rather, probable that Congress intended to provide a remedy which could be resorted to in the few cases where an oppressive injunction might be granted or continued, that would involve only a brief hearing as to the facts constituting the oppression or injustice, and which, therefore, might be given precedence without embarrassing all the other business of the court? And, on the appellants' theory, why should Congress give precedence on an interlocutory appeal and not give like precedence on the final appeal?

We believe that the above presents a fair summary of the main arguments on both sides. For the purposes of this suit we are indifferent how the matter may be determined, but for the purposes of future practice it is important that it be decided, if possible, in such way as not to make the new statute an instrument for delaying the action of the circuit courts, increasing the expenses and uncertainties of litigation, cumbering the dockets of the courts of appeal with useless appeals, and practically postponing all other litigation till after the hearing of interlocutory patent appeals.

We desire to make no oral argument, and submit the matter, on behalf of appellees, on this brief.

LYSANDER HILL,
GEO. S. PRINDLE,
Counsel for Appellees.

Office Supreme Court U. S.
FILED.
MAR 6 1893
JAMES H. McKENNEY,
CLERK.

SUPREME COURT OF THE UNITED STATES.

OCTOBER TERM, 1892.

NO. 1242.

THE COLUMBUS WATCH CO. ET AL.,

APPELLANTS,

v.

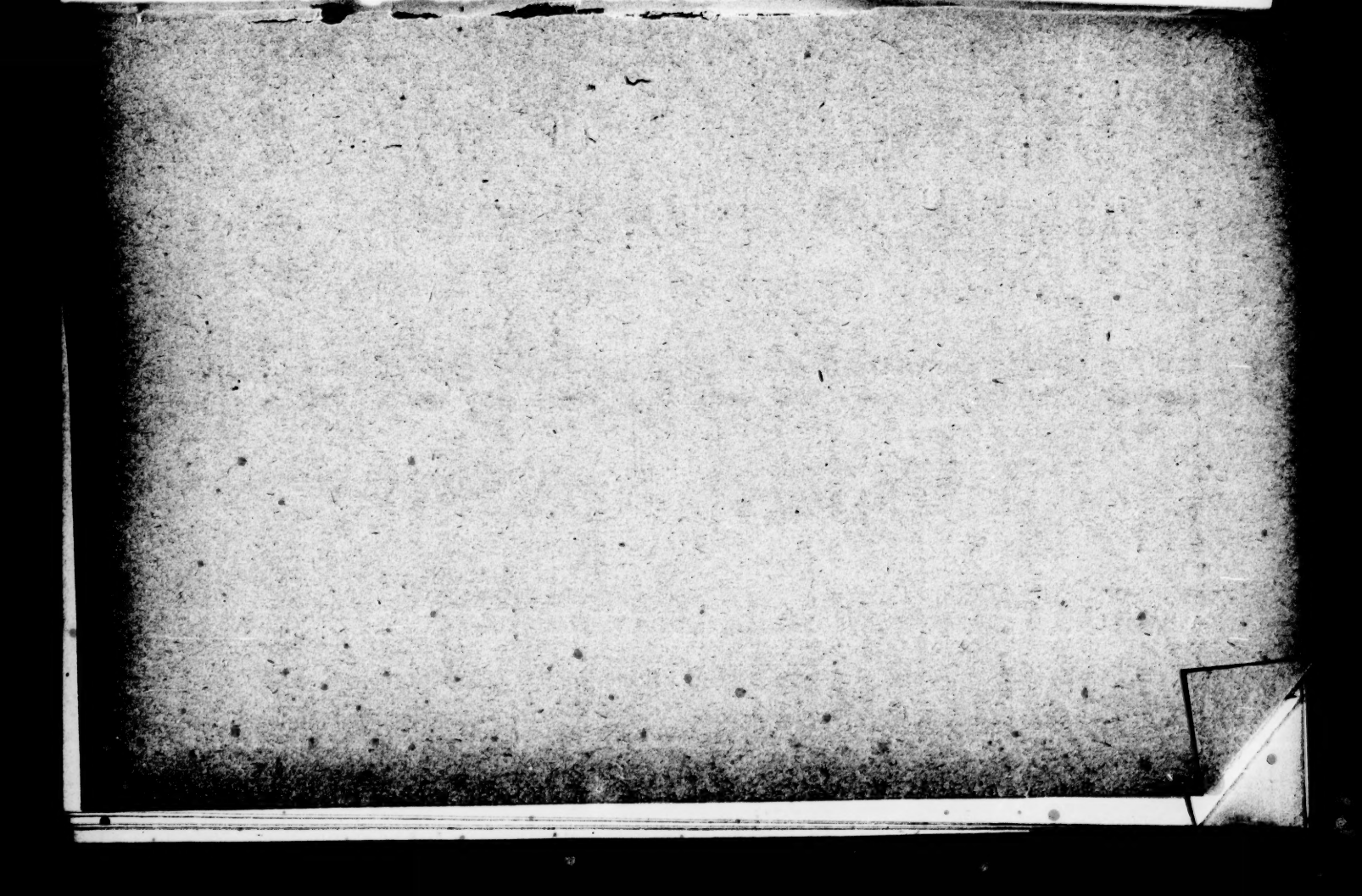
ROYAL E. ROBBINS ET AL.,

APPELLEES.

QUESTION CERTIFIED FROM THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE SIXTH CIRCUIT.

BRIEF FILED BY CONSENT OF APPELLEES' COUNSEL IN SUPPORT OF THE POSITION THAT COURTS OF APPEALS SHOULD, UPON APPEALS FROM DECREES GRANTING AN INJUNCTION AT FINAL HEARING, PASS UPON THE MERITS OF THE CASE.

FREDERICK P. FISH,
W. K. RICHARDSON,
of Counsel.



Supreme Court of the United States.

OCTOBER TERM, 1892.

No. 1242.

THE COLUMBUS WATCH CO. ET AL., *Appellants*,

vs.

ROYAL E. ROBBINS ET AL., *Appellees*.

QUESTION CERTIFIED FROM THE UNITED STATES CIRCUIT COURT OF APPEALS FOR THE SIXTH CIRCUIT.

BRIEF.

STATEMENT OF THE CASE.

This cause is reported in 52 F. R., page 337. As therein appears, the appellees, as owners of Letters Patent, brought this suit by bill in equity, and, at a final hearing upon full proofs, the Circuit Court sustained the validity of the patent, adjudged that the defendants had infringed the same and granted an injunction and accounting.

The Circuit Court allowed an appeal only from so much of the decree as granted the injunction. Both parties subsequently (the full record having been filed in the Circuit Court of Appeals) made application that the entire cause should be finally determined upon its merits. But the Circuit Court of Appeals entered an order to the effect that, under the Act of March 3, 1891, creating the United States Circuit Court of Appeals, they had no jurisdiction finally to determine the case, because the appeal was from an interlocutory decree granting an injunction under Sect. 7; and that the only question before them was "whether the decree for an injunction was improvidently granted in the legal discretion of the court." The Court of Appeals certified this question of jurisdiction to this court for its instruction thereon.

Previous Decisions of the Circuit Court of Appeals upon this Subject.

At the time when the decision in this cause was rendered, the second decision in *Richmond* vs. *Atwood*, 52 F. R. 10, rendered only a few days previously, had not been reported. The court had before it only the first decision in *Richmond* vs. *Atwood*, 48 F. R. 910. In that case the appeal was (as in the case at bar) from a decree of the Circuit Court, after final hearing upon full proofs, granting an accounting and injunction. At first the court did not consider the question of jurisdiction, which was not raised, and held that the patent was not infringed, and that the decree of the Circuit Court should be reversed. Subsequently, upon argument of a motion for rehearing, the appellate court itself raised the question whether the mandate should simply order that the decree for an injunction should be reversed or should direct that the bill be dismissed and so make a final disposition of the cause; and directed that briefs should be filed upon this question. After consideration, the Court of Appeals, in a most elaborate decision by Mr. Justice Aldrich, held that upon an appeal from such an interlocutory decree the court had the power and duty to direct a final disposition of the cause upon the substantial merits. This important decision was not before the Circuit Court of Appeals for the sixth circuit, nor does it appear that any of the numerous cases showing the old chancery practice in this respect were called to the attention of that court.

The question may be summarized briefly as follows: In a case in equity, where the entire testimony is presented to the Circuit Court, and the case is fully argued at final hearing, the court renders a final decision sustaining the validity of the patent and finding that it has been infringed, and grants an injunction. The decision is not "final" in the sense that it may be appealed from under the limited statutory jurisdiction of the Supreme Court; but, nevertheless, it finally determines the rights of the parties, and simply leaves the long and expensive process of an accounting to be gone through with. And the Act of March 3, 1891, in establishing the new Cir-

cuit Courts of Appeals, grants by Sect. 7 the right of an appeal from an interlocutory decree granting or continuing an injunction, thus doing away with the necessity of an accounting before an appeal.

When an appeal is taken from such a decree made upon final hearing, as above described, the Circuit Court of Appeals for the first circuit holds that the rights of the parties may be finally determined by the Court of Appeals; while the Circuit Court of Appeals for the sixth circuit, in the case at bar, has held that the only question that it will determine is whether the injunction was providently granted, and that the case must then be remanded to the Circuit Court, and the useless and expensive process of an accounting be gone through with before the case can be considered by the Circuit Court of Appeals upon the merits and the rights of the parties be finally determined. That the latter interpretation of the act would be a misfortune to litigants through the country will hardly be denied; and one of the very benefits which was chiefly sought for by the act establishing the Circuit Courts of Appeals would be done away with.

It is submitted that the following authorities will show that the uniform practice of the courts of England, as well as those chancery courts in this country which have had the jurisdiction to hear appeals from interlocutory decrees made upon final hearing, has uniformly been to consider the merits of the case and finally to dispose of the rights of the parties; and that the opinion of the Circuit Court of Appeals in the case at bar was rendered without citation of these conclusive authorities.

The Practice of Courts of Equity in Appeals from Interlocutory Decrees.

The "Act to Establish Circuit Courts of Appeals," printed in 138 U. S. 709, provides in Sect. 6 that "the Circuit Courts of Appeals established by this act shall exercise appellate jurisdiction to review by appeal or writ of error final decision in the District Court and the existing Circuit Courts" (in all except certain cases); and that "the judgments or decrees of the Circuit Courts of Appeals shall be final . . . in all cases arising under the patent laws." Sect. 7 provides that "where, upon a hearing in equity in a District Court,

or in an existing Circuit Court, an injunction shall be granted or continued by an interlocutory order or decree, in a cause in which an appeal from a final decree may be taken under the provisions of this act to the Circuit Court of Appeals, an appeal may be taken from such interlocutory order or decree granting or continuing such injunction to the Circuit Court of Appeals."

Sect. 7 grants to the new appellate courts the jurisdiction to entertain appeals from an interlocutory decree granting an injunction, and referring the question of damages and profits to a master. Such appeals were allowed in the English chancery practice; but it was long ago settled that the Supreme Court had no jurisdiction under the statute to entertain an appeal from such a decree, either in a patent cause or in other like causes in equity; for such a decree is only "interlocutory"; and by the statutes of the United States (Revised Statutes, Sect. 692) an appeal to the Supreme Court lies only from "final decrees."

"In this respect the practice of the United States chancery courts differs from the English practice. For appeals to the House of Lords may be taken from an interlocutory order of the chancellor, which decides a right of property in dispute. . . . But the case is otherwise in the courts of the United States, where the right to appeal is by law limited to final decrees."

Forgay vs. *Conrad*, 6 How. 201–205.

And it has therefore been held in frequent cases that the Supreme Court has no jurisdiction under the acts of Congress to entertain an appeal from an "interlocutory order or decree."

The cases are cited and summarized very fully in

Keystone Iron Company vs. *Martin*, 132 U. S. 91.

In accordance with the preceding cases it has been expressly held that an appeal will not lie to the Supreme Court from a decree for a perpetual injunction in a patent cause, with reference to a master to take accounts, such a decree being interlocutory and not final; see

Barnard vs. *Gibson*, 7 How. 650.
Humiston vs. *Stainthorp*, 2 Wall. 106.
Railroad Company vs. *Soutter*, 2 Wall. 510–521.

Under this *statutory* limitation of the jurisdiction of the Supreme Court it often happens that great hardship is caused to a defendant against whom an erroneous decree is rendered at final hearing by the Circuit Court, in that he is put to the useless expense of a generally prolonged accounting before a master, before the merits of the case can be settled upon appeal.

The Supreme Court reports are full of cases like

Clark Thread Co. vs. *Willimantic Linen Co.*, 140 U. S. 481, 482.

In this case the decree in favor of the patent was rendered in May, 1879; the period from that time until June 17, 1886, was consumed in "a long contest in the master's office" and in deciding the exceptions to the master's report, at the end of which time damages to the amount of over $150,000.00 were awarded by final decree of the Circuit Court. Thus a period of *over seven years* elapsed, during which vast amounts were necessarily consumed in legal expenses. The case then went up to the Supreme Court, which reversed the decree of the Circuit Court and *ordered that the bill should be dismissed!*

This is only one example of many to be found in the Supreme Court reports of the great hardship caused by inability to take an appeal at once from the decree sustaining the patent and granting the injunction.

Such a decree is made after final hearing upon the pleadings and proofs, and the merits of the cause between the parties are fully determined thereby. The Act of March 3, 1891, is plainly intended to remove the statutory limitation of the right of appeal to *final* decrees, and to grant the power of appeal from any interlocutory decree which grants an injunction.

Now, the statute does not state that only some part of such decrees may be appealed from, but that the entire decree may be appealed from, precisely as was the English chancery practice; and if the decree was made upon final hearing upon the merits we submit that plainly the appellate court, being in possession of the full record, has the power (with or without the consent of parties), to pass upon

the merits of the case and decide (for example) whether the patent is valid or whether infringement has been shown.

It is provided by the Act to Establish Circuit Courts of Appeals, in Sect. 10, that whenever on appeal a case coming from a District or Circuit Court is determined in the Circuit Court of Appeals in a case in which the decision of the Circuit Court of Appeals is final, "such case shall be remanded to the said District or Circuit Court for further proceedings to be there taken in pursuance of such determination." Under this section, where an appeal is taken from an interlocutory decree granting an injunction, and it is determined upon the merits by the Circuit Court of Appeals that the patent is invalid, or that there is no infringement, or in general that the complainant's bill cannot be sustained, the decree of the Circuit Court must be reversed and the cause remanded to that court with a direction to dismiss the bill of complaint with costs.

Inasmuch as the decree of the Circuit Court granting the injunction was made upon final hearing, the appellate court may decide upon all the pleadings and proofs that the complainant's case fails.

Reference to the well-established practice in such jurisdictions as allow an appeal from interlocutory decrees or orders granting injunctions and other relief shows conclusively that the appellate court, when it has the entire record before it, will dispose of the entire case whenever it can do so, and will instruct the lower court to enter such a decree as will put an end to the controversy. We note the date of each case, as showing how long the practice has been settled.

In New York (prior to the Code) an appeal was allowable from an interlocutory decree or order; and the practice was expressly settled that on an appeal from an interlocutory order the court of Appeals would determine finally between the parties, if the merits of the case were fully before it, as will be seen by reference to early New York cases.

LeGuen vs. *Gouverneur*, 1 Johnson's Cases, 436 (1800).

The chancellor had made an interlocutory order, after the evidence had been taken in a cause, directing an issue to a jury to try the fact of fraud. The highest court of the State, on an appeal from this

interlocutory order, decided that a previous judgment at law between the parties was binding, and the bill of complaint was accordingly dismissed. The case was very elaborately argued, and the judges delivered opinions seriatim.

Radcliff, J., says (page 499) — :

"I have also no doubt that this court may proceed further, if it appear that the merits are fully in its possession, and determine finally between the parties. That such is the power and frequently the practice of the House of Lords in England, is evident from the cases which have been cited."

Kent, J., holds (page 508, 509) : —

"It is the settled rule of the House of Lords in England upon appeals always to give such a decree as the court below ought to have given. This is the great and leading maxim in their system of appellate jurisprudence, and instances are accordingly very frequent in which the Lords on appeals from interlocutory orders in chancery have reversed the order and decided fully on the merits. . . . The cause is as ripe here as it was in the court below for ultimate decision, and if we are persuaded in our own minds that the facts before us can never support the allegations of fraud, we ought to say so, and put an end to the contention."

(See also Lansing, C. J., page 521.) The judges referred to the House of Lords cases very fully and pointed out the idleness of sending back a case for further action by the chancellor, when the entire merits are before the court on appeal. It was accordingly ordered that the interlocutory order should be reversed and that the bill should be dismissed.

Bush vs. *Livingston*, 2 Caines's Cases, 66 (1805).

This was similarly an appeal from an interlocutory order of the chancellor after the evidence had been taken. The order was reversed and an order entered disposing of the case. The Court referred to the preceding case and says that the Court in that case directed the complainant's bill to be dismissed

"on precedents from the proceedings of the House of Lords of England on appeals from chancery and *because the whole merits of the case were before the court. When it is considered that there can be no further proofs in the cause, that the whole merits have been*

discussed and reviewed, and that it will save litigation and expense, I am myself contented to be bound with the precedent which has been made."

See also to the same effect —

Bebee vs. *Bank of New York*, 1 Johns. 529(1806).

The same is the practice in the New Jersey Court of Equity, where an appeal lies from an interlocutory decree granting an injunction.

Newark & New York Railroad vs. *Newark*, 8 C. E. Green, 515 (1872).

The Court points out, discussing the English and New York cases, that the AppellateCourt will dispose of the entire controversy between the parties:

"In view of these authorities, I can entertain no uncertain opinion with regard to the power of this court to deal with the present case on its merits. . . . The general rule is that the appellate court will render such judgment as the inferior court, under all the circumstances, should have given."

In England this principle is so well settled that it is not discussed at all in the books, but is found to be the unquestioned practice from the earliest times. See *Forgay* vs. *Conrad*, 6 How. 201, 205, above cited.

Among the early cases in the House of Lords cited by Mr. Chancellor Kent are the following: —

Governors of Stephen's Hospital vs. *Swan*, 5 Brown's Parliament Cases (Second ed.), 429 (1760).

Upon an appeal from an interlocutory order of the chancellor, it was "*ordered and adjudged that the decree complained of should be reversed and that the respondent's bill should be dismissed.*"

See to the same effect —

Ellis vs. *Segrave*, 7 Bro. P. C. 331 (1760).
Bouchier vs. *Taylor*, 4 Bro. P. C. 708 (1776).

Similar cases on appeal from interlocutory decrees, where the House of Lords reversed the decree and made an order terminating

the controversy, remitting the case to the Court of Chancery to carry out the decree, are as follows: —

White vs. *Lightburne*, 4 Bro. P. C. 181 (1722).
Attorney-General vs. *Wall*, 4 Bro. P. C. 665 (1760).
Scribblehill vs. *Brett*, 4 Bro. P. C. 144 (1703).

Numerous other cases to the same effect can be discovered in the English books.

M'Can vs. *O'Ferrall*, 8 Clarke & Finelly, 30 (1841).

This decision of the House of Lords shows what their well-established practice is. The case came up upon appeal from a complicated decree in Ireland with which the House of Lords did not agree. The Lord Chancellor pointed out that the usual course of the House of Lords was "to declare the principle on which the decree is to be founded and to refer it back to the court to carry it into execution." But he pointed out that sometimes mistakes were made by the lower courts in complicated cases. "*I think it more expedient and more calculated to save expense to the parties that this house in making its order should frame the decree in such a manner as to prevent the necessity of any further reference to the court below.*" Accordingly the House of Lords made a very long order declaring to what decree the complainants were entitled and ordering that "the cause be remitted to the Court of Chancery of Ireland to make a decree conformable to the above declaration and to carry these directions into effect."

The English cases quoted above were all decided long before the Judicature Acts, and show conclusively the well-established practice of courts of equity in cases where appeals from interlocutory decrees are allowed. This practice of the English Chancery should be followed by the Circuit Courts of Appeals. Revised Statutes of the United States, Sect. 913, provides that "the forms of mesne process and the forms and modes of proceedings in suits of equity . . . in the Circuit and District Courts shall be according to the principles, rules and usages which belong to courts of equity . . . except when it is otherwise provided by statute or by rules of court made in pursuance thereof." Under this statute it is well settled that the

United States Court will "adopt the principles, rules and usages of the Court of Chancery in England."

Robinson vs. *Campbell*, 3 Wheat. 222.
Vattier vs. *Hinde*, 7 Peters, 252–274.
Bein vs. *Heath*, 12 How. 168–178.
Pennsylvania vs. *Bridge Co.*, 13 How. 518, 563.

And this principle is now embodied in an express rule of this court. (Equity Rule 90.)

Accordingly a Circuit Court of Appeals upon an appeal from an interlocutory decree granting an injunction, having all the merits of the case before it, should consider the merits and proceed finally to dispose of the case. The object of the act in establishing the appellate court is to save trouble and expense to suitors; and this object is best attained by a decision which will obviate any unnecessary proceedings in the court below.

The Court of Appeals in each case will instruct the court below to make the order or decree which it should have made upon the facts before it. If the appeal is from an order granting a preliminary injunction and this court is of opinion that the validity of the patent is doubtful or that the complainant will not be irreparably damaged by waiting until final hearing, it will direct the court below to rescind the order granting a preliminary injunction; then the case proceeds for final hearing. But if the appeal is from an *interlocutory decree granting an injunction* at final hearing, and this court is of opinion that the bill cannot be sustained, then it will direct the court below to dismiss the bill. In both cases the parties are put in the situation which they would occupy if the court below had decided in accordance with the opinion of the appellate court; and this is the plain intention of the statute.

The Conflicting Decisions in View of the Authorities.

It is submitted that, in view of the well-established chancery practice in courts where appeals from interlocutory decrees were allowed, it can hardly be doubted that the decision of the Circuit Court of Appeals in *Richmond* vs. *Atwood* was correct; and that the conflicting decision in the case at bar must have arisen partly from

the fact that the cases showing the Chancery Practice were not called to the attention of the court; and partly from a misconstruction of the statute.

The salient points of the opinion in *Richmond* vs. *Atwood* are:

1. That the Supreme Court had no jurisdiction under the statute to entertain appeals from any except final decrees; and that, therefore, the former decisions in the Federal Courts afford no precedent upon the disposition of appeals from interlocutory decrees; that it is, therefore, necessary to look to the English system and to the decisions of such of the State courts as can entertain appeals from interlocutory decrees (page 23).

2. That in the case at bar "*the hearing in the Circuit Court upon the merits as to the validity and infringement of the patent, was full and complete, and the general property right was determined so far as it could be done by that court. . . . The record before us is complete; everything is here for our consideration which was before the court below*"; and that no reason has been suggested why the decision should be limited to a dissolution of the injunction, thus compelling the unnecessary accounting to proceed before final disposition of the cause. (page 24.)

3. The court then calls the attention to the fact that the United States courts follow the analogies drawn from the practice of the high Court of Chancery in England. (page 25); and cites the numerous English cases which show that "it seems to have been the practice from an early period in the House of Lords, to direct a final disposition of cases before it with a full record, upon appeal from interlocutory orders and decrees based upon a hearing upon the merits below, whenever it was found that there was no equity in complainant's cause." The Court also cites fully the New York and New Jersey cases. (pages 26, 28.)

4. The conclusion of the court is: "*As the full record is before us upon appeal from an injunction granted by an interlocutory decree after a full hearing and a finding which undertakes to finally dispose of the property right involved, we should direct a final disposition of the cause in accordance with the view which we hold upon the substantial merits.*" (p. 28).

The reasoning of this opinion, we submit, is clear and conclusive,

and is based on numerous precedents. The result arrived at is admitted by all the profession to be desirable in order to prevent perfectly unnecessary prolongation of litigation; and the result, further seems to be inevitable from the well-established practice of the English Chancery Court in deciding appeals from interlocutory decrees, where the court was in a position to pass upon the full merits of the question.

On the other hand, it is submitted that the reasoning of the Circuit Court of Appeals for the sixth circuit in the case at bar is defective in not considering the chancery practice. The case there was, moreover, undoubtedly prejudiced by the fact that the appeal, *as allowed by the Circuit Court*, was only "*from so much of the decree* as grants an injunction against the defendants." And the Court of Appeals might very properly have held that, under these conditions, the *consent* of the parties could not vest the court with jurisdiction to determine the entire cause. But the court went further than this in its opinion; and the question which is certified to this court is whether, under the seventh section of the Act of March 3, 1891, the Circuit Court of Appeals has jurisdiction upon an appeal from an interlocutory decree upon final hearing to consider the merits of the case and finally determine the entire cause upon its merits.

Throughout the opinion the two questions of what was actually before the court by this particular appeal, and the general question of jurisdiction under the statute, are mingled. For instance (on page 339) the Court says that "this limited appeal from a part of the interlocutory decree clearly did not remove the whole cause or the entire decree from the Circuit Court to this court," and again, "consent of parties cannot invest this court with such power or authority," which statements, as applied to the particular appeal at bar, may or may not be correct, but do not in the least touch the general question of jurisdiction under the statute which is submitted to this court, and as to which the Circuit Court of Appeals for the sixth circuit is in conflict with the Circuit Court of Appeals for the first circuit.

Upon the general question, the former court says (on page 339) "It admits of no question that the entire decree of the Circuit Court

was not appealable either under the sixth section of the Act of March 3, 1891, or under previous provisions of law."

This of course is true, and the cases cited are to the well-established point that the statute gave the Supreme Court jurisdiction to entertain appeals only from final decrees. But the Court goes on to say: —

"It [the decree] was not final but interlocutory in its character and subject to the further and future control of the court below; and that court *properly denied an appeal from the entire decree and allowed it only from so much thereof as related to the injunction as authorized by Sect.* 7 *of the Act of March* 3, 1891."

We submit that there is nothing in the language of Sect. 7 which so limits the appeal from an interlocutory decree. The section does not state that an appeal may be taken from *so much of* the interlocutory decree as relates to the injunction, but that "an appeal may be taken *from such interlocutory order or decree* granting or continuing such injunction to the Circuit Court of Appeals." And no reason is suggested either of expediency or of rules of construction which should limit the appeal from an interlocutory decree which finally passes upon the merits of the case to the consideration of the question simply whether the injunction was properly granted.

Indeed, the Court expressly says (on page 340): —

"*It would doubtless have been well* if, in the creation of this court, the seventh section of the act had permitted or authorized an appeal from interlocutory decrees sustaining the validity of patents and adjudging their infringement, so as to obviate in many cases the taking of extensive accounts and the delays incident thereto."

But we submit that the seventh section of the act *has*, in express terms, permitted such an appeal. In the case at bar the interlocutory decree which "granted an injunction," and was therefore appealable, was one which "sustained the validity of the patent and adjudged its infringement," and we fail to find anything in the language of the statute which prevents the court, endowed by the express language of the act with the jurisdiction to entertain an appeal from such decree, from passing upon the entire decree appealed from, and finally settling the merits of the cause."

The gist of the opinion is found in the words (pages 339, 340) : —

"The Act of 1891, Sect. 7, permits an appeal from an interlocutory order [or decree] granting or continuing an injunction. The present appeal is allowed and taken from such an order [decree], and its legal effect and operation is to remove from the trial court to this court *only that part of the decree which relates to the injunction.*"

We respectfully submit that under the well-established precedents, such is not the legal effect and operation of such an appeal. The statute allows an appeal "from such interlocutory decree," — not from any *part* of the decree; and the plain construction of the statute is that the entire decree may be appealed from, and such certainly must have been the intention of Congress.

Nor, we submit, is the contention correct that if the Court of Appeals should pass upon the validity of the patent and the question of infringement, it would "*involve the exercise of original jurisdiction;*" for the decree of the Circuit Court expressly adjudicated both those questions, and "sustained the validity of the original and reissued patents and adjudged that defendants had infringed certain claims of the reissue," as indeed is expressly stated in the opinion of the appellate court (page 337.) In as much as the interlocutory decree of the Circuit Court granting an injunction *necessarily involved* the decision of these questions, and expressly passed upon them, we submit that, when the decree is appealed from under Sect. 7 of the Act of March 3, 1891, the Court of Appeals, in considering upon the full record the same questions which were passed upon by the Circuit Court, is plainly not exercising original jurisdiction, but a proper appellate jurisdiction, such as has long been exercised by the English courts of chancery.

We submit, therefore, that in this cause the decision that the court could not, where the particular appeal was expressly limited to a part of the decree, proceed to determine other matters by consent of the parties, may have been entirely correct; but that plainly the question certified to this court (namely, whether, under Sect. 7 of the Act of March 3, 1891, the only question presented upon appeal is whether the decree for an injunction was improvidently granted in the legal discretion of the court) was wrongfully decided

by the Circuit Court of Appeals for the sixth circuit, and that the well-established practice of the English and other chancery courts in deciding appeals from interlocutory decrees should be followed in appeals under Sect. 7 of the Act Establishing Circuit Courts of Appeals.

We file this brief, by consent of appellees' counsel, in support of the decision of the Circuit Court of Appeals for the First Circuit upon the question certified.

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